

**INTERNAL AUDIT
FISCAL YEAR 2014
REPORT CARD
CHESTERFIELD, VIRGINIA**



Internal Audit Mission Statement

Provide objective analysis and information
to management and those charged with
governance to support County and School
goals benefiting the community.

Internal Audit
Fiscal Year 2014
Report Card
Chesterfield County, Virginia

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Note: The Association of Local Government Auditors (ALGA) performs a Benchmarking and Best Practices survey of audit organizations every two years. Peer data is presented from the most recent survey (published March 2013 for fiscal year 2012) on various tables throughout this report.



Chesterfield County, Virginia Internal Audit

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TO: Budget and Audit Committee

James J. L. Stegmaier
County Administrator

Dr. Marcus Newsome
School Superintendent

FROM: Gregory L. Akers
Director of Internal Audit

DATE: July 23, 2014

SUBJECT: Fiscal Year 2014 Annual Report Card

In compliance with Administrative Procedures, the Internal Audit Department hereby presents the Fiscal Year 2014 Annual Report and Fiscal Year 2015 Audit Plan. Completed audits are provided during the year to the Budget and Audit Committee through the County Administrator. This document summarizes our past fiscal year work effort against national peer performance benchmarks, and also provides the Fiscal Year 2015 Audit Schedule by project.

We enjoy working with the County and School Divisions and Departments to help identify opportunities to add value, and we appreciate their assistance with the audit and risk assessment process. I also appreciate the contributions of each Internal Audit Department team member for our priorities to:

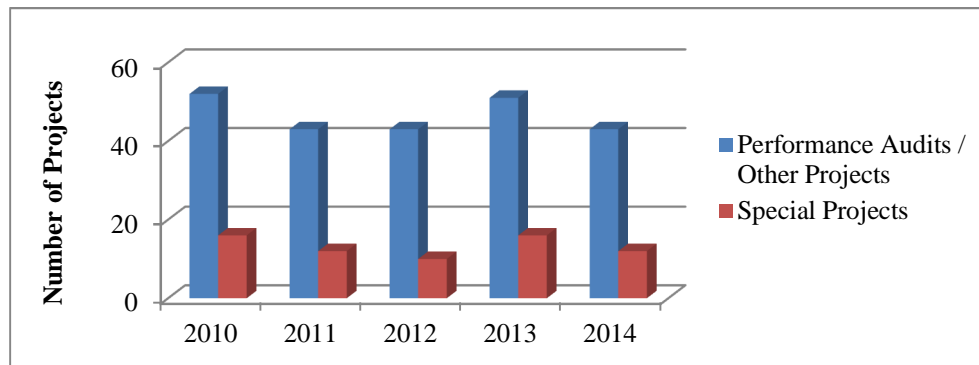
- Develop and implement the audit plan based on entity-wide risk assessment.
 - Implement comprehensive audit services that address the risks, needs, and goals of the County and School Board.
 - Administer the Fraud, Waste, and Abuse Hotline program for the employees and community as mandated by the *Code of Virginia*.
 - Provide mandated external audit support for completion of the Comprehensive Annual Financial Report (CAFR).
- Respond to special project needs as they arise.
- Identify areas for improvement of controls, efficiency, and effectiveness.
- Monitor implementation of the audit recommendations.
- Provide employee training on internal controls and ethics.

We thank you for your continued support, and value your input to improve our audit services.

I. COMPLETED PROJECT STATISTICS

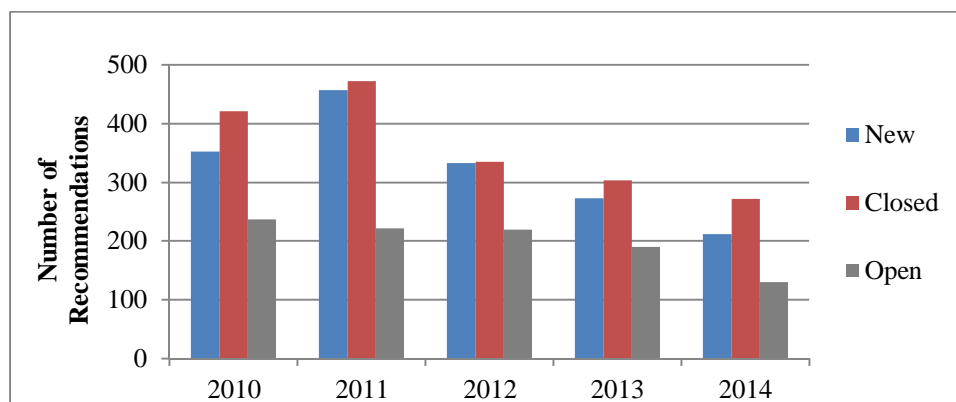
SUMMARY OF PROJECTS BY FISCAL YEAR					
Category	2010	2011	2012	2013	2014
Performance Audits / Other Projects	52	43	43	51	43
Special Projects	16	12	10	16	12
Total	68	55	53	67	55

The number of projects completed varies between years, based on individual project complexity and the volume of special project requests.



AUDIT RECOMMENDATION STATISTICS BY FISCAL YEAR (County & Schools)						
Recommendations	2010	2011	2012	2013	2014	ALGA 2012 Benchmark
New	352	457	333	273	212	84
Closed	421	472	335	303	272	65
Open	237	222	220	190	130	N/A

Audit recommendation data is collected as of December 31st each year to follow-up on all open audit issues from prior audits.



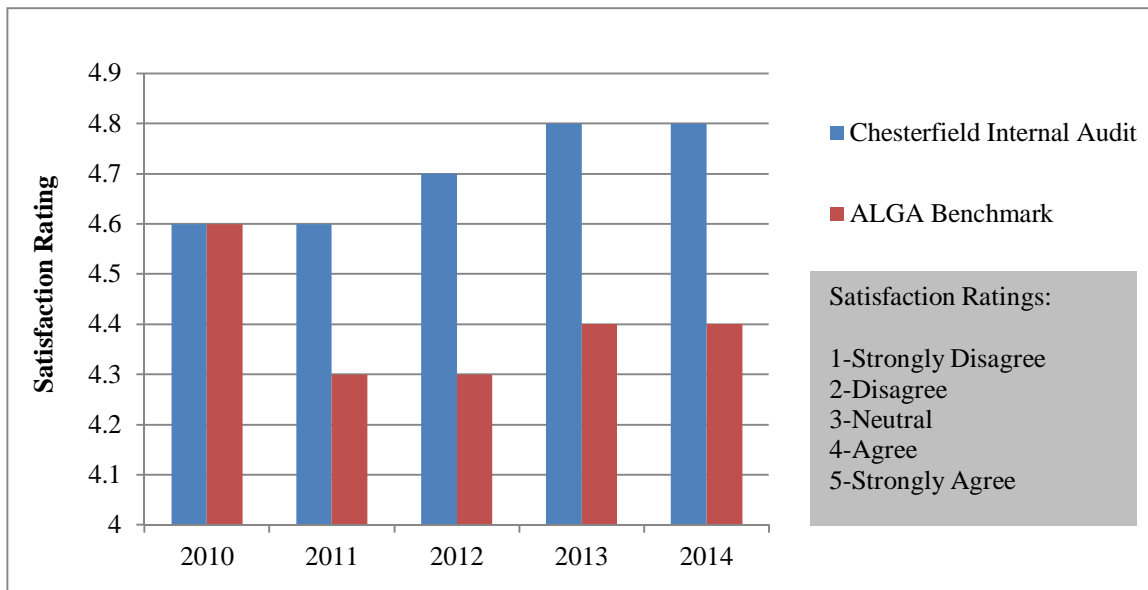
I. COMPLETED PROJECT STATISTICS CONTINUED

AUDITOR PERFORMANCE BY FISCAL YEAR						
Category	2010	2011	2012	2013	2014	ALGA 2012 Benchmark
Number of audits performed per auditor (office average)	8.5	7.9	7.6	8.4	8	6.3
Percent of total time charged to audits	71%	71%	66%	67%	68%	72%

The number of projects completed by auditor varies between years, based on individual project complexity and the volume of special project requests.

CUSTOMER SATISFACTION RATINGS BY FISCAL YEAR					
	2010	2011	2012	2013	2014
Chesterfield Internal Audit	4.6	4.6	4.7	4.8	4.8
ALGA Benchmark	4.6	4.3	4.3	4.4	4.4

At project completion, customers are provided surveys to rate their satisfaction, which helps us monitor quality control and improve our service.



II. COMPLETED PROJECTS LISTING

Performance Audits
• Audit Follow-up
• Center of Organizational Excellence Expenditures
• Economic Development Authority and Community Development Authorities
• Environmental Engineering Erosion Control Deposits & Drainage District Revenues
• Fire – Chesterfield Emergency Planning Committee
• Fire Emergency Operations Knox Box Program
• Fire Revenue Recovery
• General Services Capital Projects
• General Services Expenditures
• IST Infrastructure and Protection of Assets
• Jail Canteen and Inmate Trust Fund
• License Inspector's Office Expenditures
• MHSS A/R, Revenue, and System
• Petty Cash, Change Fund, and Consumer Funds
• Police Planning and Information Services Division
• Police Property
• School Activity Funds (includes 16 schools audited)
• School Board Payroll
• School Observations
• School Textbooks
• Travel and Training – County
• Travel and Training – Schools
• Utilities Finance, Administration, and Expenditures
• Utilities Internal Services Charges
• Victim Witness Expenditures
Other
• External Audit
• Nursing Home Health Center Commission (Status Report)
• School PTA/Financial Statement Review (Status Report)

II. COMPLETED PROJECTS LISTING CONTINUED

Special Projects
• Access Chesterfield
• Accounts Payable: Duplicate Payments
• Curtis Elementary School
• Falling Creek Middle School
• Fraud, Waste, and Abuse Annual Report
• Laprade Library
• MHSS Infant Services Program
• Parks and Recreation Softball Lease Compliance
• Purchasing
• Risk Management
• Utilities Falling Creek Waste Water Treatment Plant
• Utilities Wastewater

III. AUDITS IN PROGRESS AT FISCAL YEAR-END*

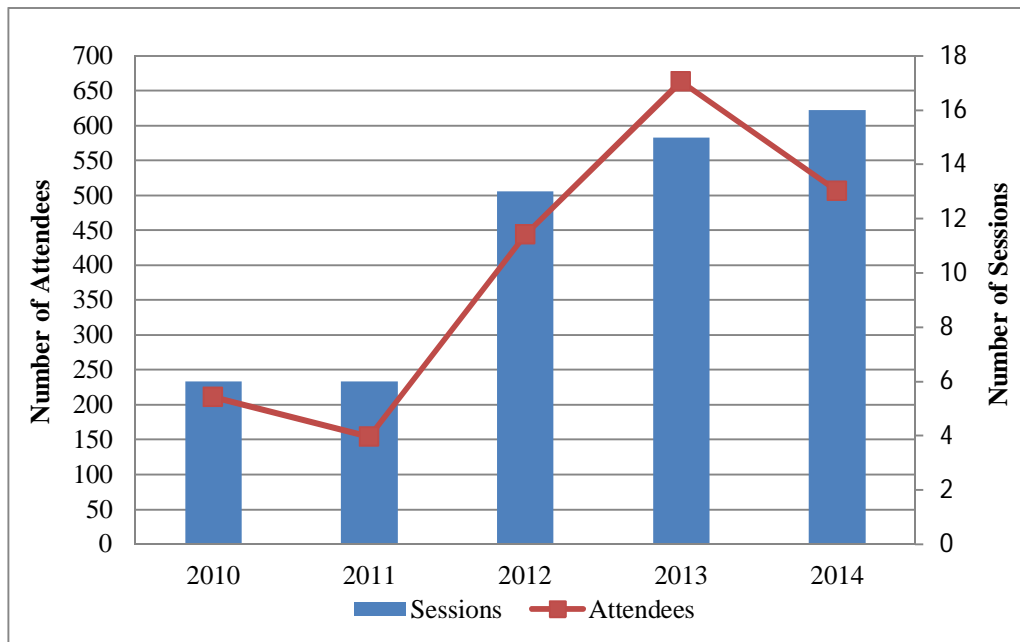
• Accounting Payroll & Benefits – Countywide
• Budget & Management
• Budget & Management CDBG Program Compliance
• Circuit Court Clerk’s Office Expenditures
• Commissioner of the Revenue Expenditures
• Environmental Engineering Water Quality
• Fire Emergency Management
• General Services Convenience Centers
• IST TIP Expenditures
• Parks and Recreation Revenues and Registrations
• Phone and Internet Customer Service – Countywide
• Planning Revenues and Expenditures
• Police Animal Control
• Purchasing Department
• Risk Management Worker’s Compensation
• School Adult Education
• School Construction Management
• School – MIS Technology Security
• School On-line Education
• School – Summer School
• Sheriff’s Office Expenditures
• Treasurer’s Office Expenditures
• Utilities Customer Information System

* Planned projects at various stages of audit process to be completed in fiscal year 2015.

IV. TRAINING PROVIDED

The Internal Audit Department partners with the Center of Organizational Excellence on ethics training during County new employee orientations. In addition, we periodically provide training on internal control and ethics to departments as requested.

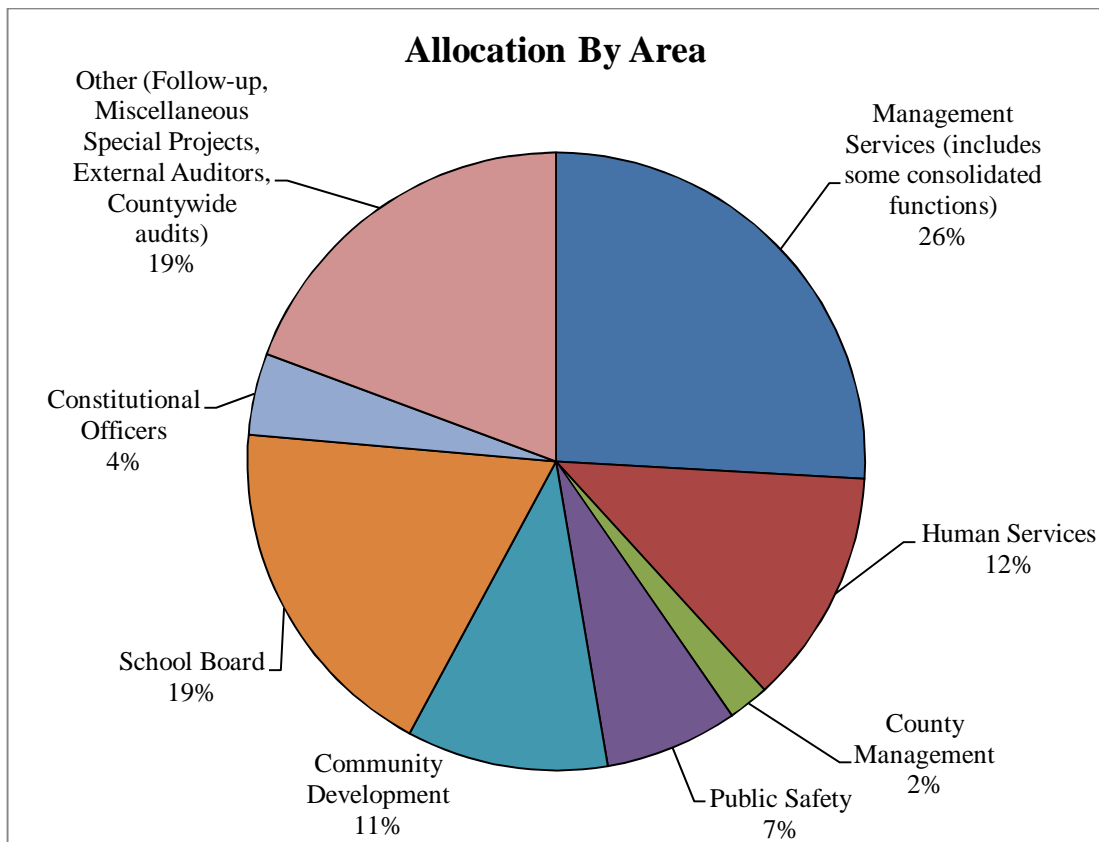
Training By Fiscal Year					
	2010	2011	2012	2013	2014
Sessions	6	6	13	15	16
Attendees	211	154	444	663	506



V. AUDIT RESOURCE ALLOCATION

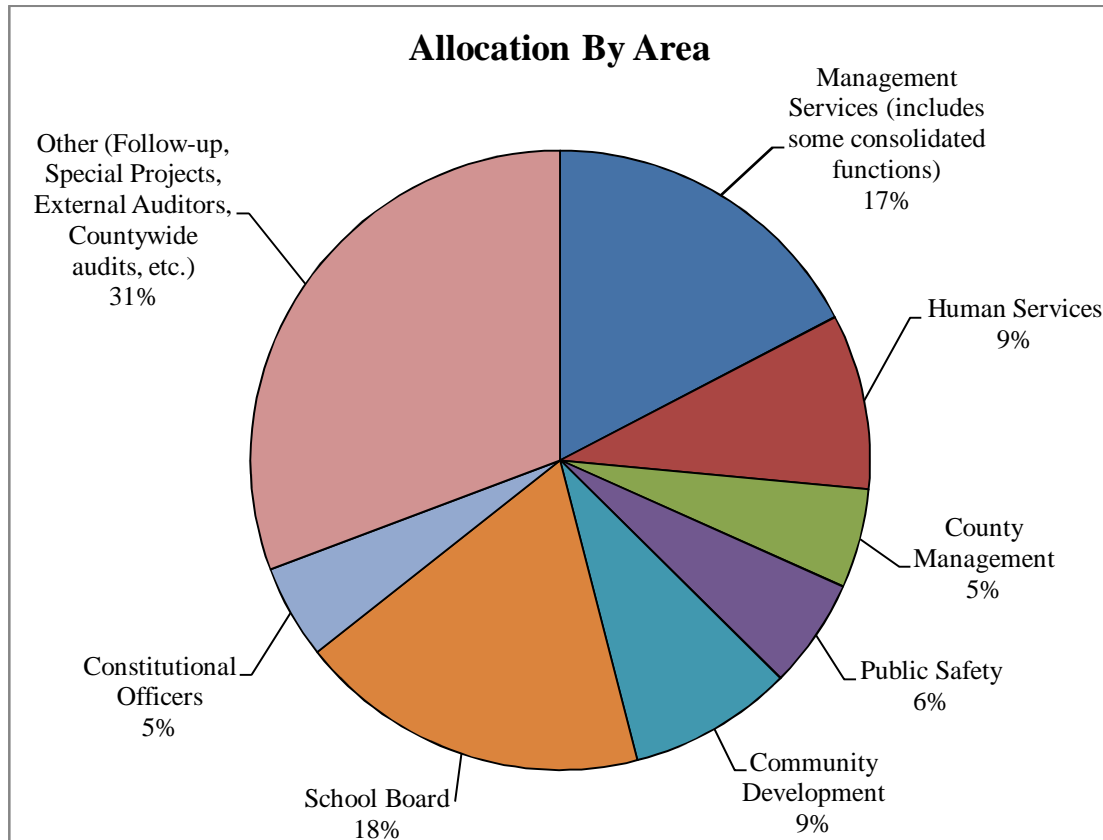
FISCAL YEAR 2014 ACTUAL	
Area	Hours
Management Services (includes some consolidated functions)*	3,046
Human Services*	1,456
County Management	250
Public Safety	818
Community Development*	1,242
School Board*	2,181
Constitutional Officers	500
Other (Follow-up, Miscellaneous Special Projects, External Auditors, Countywide audits, etc.)	2,278
TOTAL	11,771

*Hours include special projects for the area.



V. AUDIT RESOURCE ALLOCATION CONTINUED

FISCAL YEARS 2015 -2017 PLANNED	
Area	Hours
Management Services (includes some consolidated functions)	6,402
Human Services	3,375
County Management	1,914
Public Safety	2,114
Community Development	3,169
School Board	6,776
Constitutional Officers	1,809
Other (Follow-up, Special Projects, External Auditors, Countywide audits, etc.)	11,341
TOTAL	36,900



V. AUDIT RESOURCE ALLOCATION CONTINUED

AUDIT SCHEDULE FISCAL YEAR 2015 BY PROJECT

JULY 2014

Audits in Process at Year-end*
School Activity Funds
Jail Canteen/Inmate Trust Fund
School - Special Projects
County - Special Projects

AUGUST 2014

Audits in Process at Year-end*
Nursing Home Financial Monitoring
Vehicle Utilization/Fuel Analysis
School - Special Projects
County - Special Projects

SEPTEMBER 2014

Audits in Process at Year-end*
External Auditors
Petty Cash & Change Funds
Quality Assurance Review
School - Special Projects
County - Special Projects

OCTOBER 2014

School Observations
Emergency Planning Committee
Police Benefit Fund
School - Special Projects
County - Special Projects

NOVEMBER 2014

County Administration - CARES
County Administration & DCA Expenditures
Travel - County Administrator's Direct Reports
School - Special Projects
County - Special Projects

DECEMBER 2014

School Administrative Services Expenditures
General Services - Energy Management
IST Business Continuity/Disaster Recovery
Financial Statement Review
School - Special Projects
County - Special Projects

JANUARY 2015

School Payroll
School HR Classification/Compensation
Audit Follow-up, Update Risk Assessment
School - Special Projects
County - Special Projects

FEBRUARY 2015

MHSS - Medicaid
Social Services - Expenditures
Social Services - Special Welfare Funds
School - Special Projects
County - Special Projects

MARCH 2015

Transportation - Expenditures, Capital, & ROW
Utilities - Right of Way
Fire - Maintenance & Logistics
School - Special Projects
County - Special Projects

APRIL 2015

School Food Service
School Facilities Custodial Survey
Planning - Proffers & Conditions
School - Special Projects
County - Special Projects

MAY 2015

Parks & Recreation- Maintenance & Repair
Accounting - Accounts Receivable/Debt Collection
Enterprise System Security
Affiliated Entities/ERM
School - Special Projects
County - Special Projects

JUNE 2015

General Services - Environmental Management
Real Estate Assessor - Assessment & Expenditures
Random/Year-end Inventory Counts
School - Special Projects
County - Special Projects

* See page 6 for listing of audits in progress at June 30, 2014.

VI. INTERNAL AUDIT TEAM



Left to Right: Sherry Ariail, *Senior Auditor*; Crystal Hinkle, *Staff Auditor*; Matthew Dini, *Senior Auditor*; Lora Holland, *Senior Auditor*; Divya Barrer, *Senior Auditor*; Deborah Eggleston, *Staff Auditor*; Stephanie Bookheimer, *Admin. Assistant*; Alvie Edwards, *Audit Manager*; Cathy Peppers, *Staff Auditor*; and Greg Akers, *Audit Director*.

Professional Associations

Staff professional organization memberships and participation include:

- Association of Certified Fraud Examiners (ACFE)
- American Institute of Certified Public Accountants (AICPA)
- Association of Local Government Auditors (ALGA)
 - Department's external peer reviews (performed every 3 years) resulted in unqualified opinions from 1996 - 2011.
- Government Finance Officers Association (GFOA)
- Institute of Internal Auditors (IIA)
- Virginia ACL Users Group
- Virginia Government Finance Officers' Association (VGFOA)
 - Communications Committee
- Virginia Local Government Auditors Association (VLGAA)
 - Membership Committee
 - Website Committee

Chesterfield County Mission Statement

Providing a FIRST CHOICE Community Through Excellence in Public Service



Chesterfield County Public Schools Mission Statement

Chesterfield County Public Schools, in partnership with students, families, and communities, emphasizes and supports high levels of achievement through a global education for all, with options and opportunities to meet the diverse needs and interests of individual students.

